

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. RPU-04-1 (TF-04-79, TF-04-80, TF-04-81, TF-04-82)
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**ORDER DOCKETING TARIFFS, ESTABLISHING PROCEDURAL SCHEDULE,
SCHEDULING CONSUMER COMMENT HEARINGS,
REQUIRING ADDITIONAL INFORMATION, GRANTING WAIVER,
AND GRANTING INTERVENTIONS**

(Issued April 13, 2004)

On March 15, 2004, Interstate Power and Light Company (IPL) filed with the Utilities Board (Board) proposed electric tariffs identified as TF-04-79, TF-04-80, TF-04-81, and TF-04-82. In TF-04-79 and TF-04-80, IPL proposed a temporary increase in electric rates that would produce additional Iowa retail revenue of approximately \$105,655,000. In TF-04-81 and TF-04-82, IPL proposed a permanent annual Iowa retail revenue increase of approximately \$149,213,000, or 16.3 percent, over current Iowa electric revenues.

The Consumer Advocate Division of the Department of Justice filed an objection and request for docketing on April 6, 2004. The Community Coalition for Rate Fairness (CCRF) filed a joinder to that request on April 8, 2004. To allow the Board and other parties time to fully consider the proposed increase, the tariffs will be docketed as a formal contested case proceeding, identified as Docket No. RPU-04-1, and a procedural schedule will be established.

At the conclusion of IPL's last electric rate case, Docket Nos. RPU-02-3 and RPU-02-8, cost recovery for IPL's interruptible rate program was transferred from IPL's base rates to its energy efficiency cost recovery factors. In other words, IPL's interruptible rate program was detached from base rate cost recovery and all issues associated with the program were transferred to energy efficiency proceedings. In fact, the level and design of IPL's interruptible credits are currently issues in Docket No. EEP-02-38.

In the current rate case filing, IPL proposed an increase in kW demand rates that would automatically increase the interruptible credits. IPL offers no rationale for this increase, other than it being an unintended side effect of the demand rate changes proposed in Docket No. RPU-04-1. It may be inappropriate for IPL's interruptible credits to be affected by any of the rate changes in this docket because of the detachment of the interruptible credit program from base rate cost recovery and ongoing issues in Docket No. EEP-02-38.

In order to evaluate this further, the Board will require IPL to file additional information revising its proposed rate changes in a way that leaves interruptible credits unaffected. One way this could be done is by continuing to calculate interruptible credits by the same method, that is, by maintaining current demand rate structures and billing demand percentage factors solely for the purpose of establishing the interruptible credits, and by establishing a separate set of demand rates that can be increased without affecting the calculation of the interruptible credits. The IPC rate codes have explicit interruptible rate credits that can simply be

left unchanged at current levels. Apparently for consistency, IPL proposed to increase its IPC interruptible credits, as it did for the IES zones, even though they are otherwise unaffected by IPL's demand rate increases. IPL will also be required to file any additional support it has for its initial proposal, explaining why it would be appropriate to increase its interruptible credits as a side effect of its proposed demand rate changes.

Pursuant to 199 IAC 7.7(16), the Board will schedule nine consumer comment hearings to provide an opportunity for IPL's customers to express their views regarding the pending rate case, as well as the general quality of service provided by IPL. However, persons with specific service complaints must follow the procedure prescribed in 199 IAC 6.2. Specific service complaints cannot be addressed at the consumer comment hearings.

IPL in its rate case filing requested a waiver of 199 IAC 7.2(12), which provides that electronic files are to be filed in ASCII and Lotus 1-2-3 formats. IPL provided its files in Excel and Word. No objections to the waiver request were filed.

The Board will grant the waiver. Excel and Word are more widely used for these applications than formats provided for in the rules. Granting the waiver provides information in a readily available format to the Board and any intervenors. The standards for a waiver contained in 199 IAC 1.3 have been satisfied.

The CCRF filed a petition to intervene on April 5, 2004. The CCRF members are all electric customers of IPL and include cities, counties, hospitals, school districts

and educational institutions, and large industrials. A complete membership list is attached to the petition.

Deere & Company (Deere) filed a petition to intervene on April 8, 2004. Deere has large facilities in two of IPL's pricing zones and has cogeneration capability at one of its facilities.

The CCRF and Deere have each alleged a sufficient interest in this proceeding that is not currently represented. The Board will grant the petitions to intervene.

IT IS THEREFORE ORDERED:

1. An investigation is instituted to determine the reasonableness of Interstate Power and Light Company's proposed temporary and permanent electric tariffs filed on March 15, 2004. This matter will be identified as Docket No. RPU-04-1, a formal contested case proceeding. Tariff filings TF-04-79, TF-04-80, TF-04-81, and TF-04-82 are suspended. The expenses reasonably attributable to this investigation shall be assessed to IPL in accordance with Iowa Code § 476.10.

2. Consumer comment hearings will be held at the following locations for the purpose of receiving comments from the general public. Persons with disabilities requiring assistive services or devices to observe or participate should contact the Utilities Board at (515) 281-5256 in advance of the scheduled date to request that appropriate arrangements be made.

a. Monday, May 10, 2004, beginning at 7 p.m. at the Lakeside Casino Resort, 777 Casino Drive, Osceola, Iowa.

b. Thursday, May 20, 2004, beginning at 1 p.m. at the Grand River Center, 500 Bell Street, Dubuque, Iowa.

c. Tuesday, May 25, 2004, beginning at 2 p.m. at St. Mary's Parish Center, 415 11th Street, Fort Madison, Iowa.

d. Tuesday, May 25, 2004, beginning at 7 p.m. at the Grand Theater, 26 North 6th Street, Keokuk, Iowa.

e. Wednesday, May 26, 2004, beginning at 12 noon at the Best Western Pzazz Conference Center, 3001 Winegard Drive, Burlington, Iowa.

f. Thursday, May 27, 2004, beginning at 7 p.m. at the Ottumwa High School Auditorium, 501 East 2nd Street, Ottumwa, Iowa.

g. Wednesday, June 2, 2004, beginning at 5 p.m. at the Muse-Norris Center, North Iowa Area Community College, 500 College Drive, Mason City, Iowa.

h. Thursday, June 3, 2004, beginning at 5 p.m. at the Kirkwood Training and Outreach Services Center, 3375 Armar Drive, Marion, Iowa.

i. Tuesday, June 8, 2004, beginning at 7 p.m. at the DMACC Newton Center Auditorium, 600 North 2nd Avenue West, Newton, Iowa.

3. The following procedural schedule is established:

a. The parties shall notify the Board prior to August 2, 2004, if they desire a prehearing conference.

b. Consumer Advocate and any intervenors shall file prepared direct testimony, with underlying workpapers and exhibits, on or before

July 16, 2004. If a party references a data request in its prepared testimony, the data request shall be filed as an exhibit.

c. If Consumer Advocate and any intervenors find it necessary to file testimony in rebuttal to each other's direct testimony, they may file rebuttal testimony on or before August 6, 2004.

d. IPL shall file its rebuttal testimony, with underlying workpapers and exhibits, on or before August 23, 2004.

e. Consumer Advocate and any intervenor shall file rebuttal testimony on any of issues raised initially in that party's direct testimony and responded to by another party, on or before September 10, 2004.

f. The parties shall file a joint statement of the issues on or before September 10, 2004.

g. All parties that choose to file a prehearing brief may do so on or before September 10, 2004.

h. A hearing shall be held beginning at 9 a.m. on October 4, 2004, for the purpose of receiving testimony and the cross-examination of all testimony. The hearing shall be held in the Iowa Utilities Board's Hearing Room, 350 Maple Street, Des Moines, Iowa. The parties shall appear one-half hour prior to the time of the hearing for the purpose of marking exhibits. Persons with disabilities requiring assistive services or devices to observe or participate should contact the Utilities Board at (515) 281-5256 in advance of the scheduled date to request that appropriate arrangements be made.

i. The parties may file simultaneous initial briefs on or before November 5, 2004.

j. All parties who filed initial briefs may file reply briefs on or before November 15, 2004.

4. In the absence of objection, all underlying workpapers shall become a part of the evidentiary record of these proceedings at the time the related testimony and exhibits are entered into the record.

5. In the absence of objection, all data requests and responses referred to in oral testimony or on cross-examination which have not been previously filed shall become a part of the evidentiary record of these proceedings. The party making reference to the data request shall file an original and six copies of the data request and response with the Board at the earliest possible time.

6. In the absence of objection, when the Board has called for further evidence on any issue and the evidence is filed after the close of the hearing, the evidentiary record will be reopened and the evidence will become part of the record five days after the evidence is filed with the Board. All evidence filed pursuant to this paragraph shall be filed no later than seven days after the close of the hearing in this proceeding.

7. Interstate Power and Light Company shall file the information identified in this order within 30 days from the date of this order.

8. The request for waiver of 199 IAC 7.2(12) is granted to the extent discussed in this order.

9. The petitions to intervene filed by the Community Coalition for Rate Fairness on April 5, 2004, and Deere & Company on April 8, 2004, are granted.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 13th day of April, 2004.